



California's Film & TV Tax Credit Program Gains Big-Budget Sherlock Holmes Project and More Out-of-Zone Production

Latest Tax Credit Allocation Includes 10 Film Projects Estimated to Generate More than \$310 Million in Qualified Spending Across the State

Hollywood, Calif. – July 29, 2019 -- California's Film & TV Tax Credit Program 2.0 continues to attract big-budget projects and bring production activity statewide with the addition of "Sherlock Holmes 3" and nine other feature films announced today by the California Film Commission.

Together, the projects (five independent, five non-independent) will generate an estimated \$310 million in qualified spending (defined as below-the-line wages and payments to in-state vendors). Overall in-state spending will be significantly greater with the addition of above-the-line payments and other expenditures that do not qualify for tax credits under Program 2.0.

The Sherlock Holmes project alone will generate an estimated \$106.8 million in qualified expenditures – the second highest project spending to date for Program 2.0 behind the \$118 million in qualified expenditures for "Captain Marvel." It is just the latest in a growing list of big-budget project wins for California's expanded tax credit program (see "Program 2.0 Big-Budget Films" list below).

"California is once again competing for big-budget film projects because it's becoming clear that chasing the highest tax credit doesn't always provide the best value," said California Film Commission Executive Director Colleen Bell. "In addition to our tax credit program, we have so many resources that other locales simply can't match."

Based on data provided with each tax credit application, the 10 projects announced today will employ an estimated 1,561 crew, 469 cast and 31,550 background actors/stand-ins (the latter measured in "man days") over a combined 453 filming days in California. In addition, the projects will generate significant post-production jobs and revenue for VFX artists, sound editors, sound mixers, musicians and other workers/vendors.

A significant portion of the production activity and spending for the latest round of projects will occur outside the Los Angeles 30-Mile Studio Zone. Eight of the 10 projects will shoot out-of-zone, spending 89 filming days in regions across the state. Topping the list is "Purge 5," with 25 filming days planned in San Diego County. To date, a total of 36 film projects selected for Program 2.0 have accounted for 524 out-of-zone filming days (see "Program 2.0 Out-of-Zone Film Projects" list below).

"A key goal for Program 2.0 is to bring the economic benefits of film and TV production to regions across the state, and that's a goal we're achieving on a consistent basis," added Bell. "It's great to see so many tax credit projects bring jobs and spending to regions beyond the Los Angeles 30-Mile Studio Zone."

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Lenny Mendonca, the Governor's chief economic and business advisor and director of the Governor's Office of Business and Economic Development (GO-Biz), affirmed, "It is fantastic to see the economic impact our entertainment industry has on this state being shared across several regions of California. I hope other industries will also take notice of our diverse regions and the opportunities they hold."

A total of 58 film projects applied for tax credits during the June 17 – 21 application period. The complete list of conditionally approved projects is provided below (see "Program Year 5 – Allocation #2 Conditionally Approved Projects"). The list is subject to change, as applicants may withdraw from the program and their reservation of tax credits is reassigned to one or more other projects currently on the waiting list.

The next application period for feature film tax credits will be held October 7 – 11, 2019.

How Projects are Selected and Awarded Tax Credits under Program 2.0

Projects approved for California tax credits are selected based on their jobs ratio score, which ranks each project by wages to below-the-line workers, qualified spending for vendors, equipment, etc., and other criteria. The top 200% ranked projects in each round (i.e., those that would qualify if double the amount of funding was available for the current allocation round) are evaluated, and those with the highest-ranked jobs ratios receive tax credits. Those not selected are placed on the waiting list. The program allocates funding in "buckets" for different production categories, including non-independent films, independent films, TV projects and relocating TV series. This allocation system enables applicants to compete for credits directly against comparable projects. As has been the case since the state launched its first-generation tax credit program in 2009, the California Film Commission awards tax credits only after each selected project: 1) completes post-production, 2) verifies that in-state jobs were created, and 3) provides all required documentation, including audited cost reports.

About California's Film and Television Tax Credit Program 2.0

In 2014, the legislature passed a bill that more than tripled the size of California's film and television production incentive, from \$100 million to \$330 million annually. Aimed at retaining and attracting production jobs and economic activity across the state, the California Film and TV Tax Credit Program 2.0 also extends eligibility to include a range of project types (big-budget feature films, TV pilots and 1-hr. TV series for any distribution outlet) that were excluded from the state's first-generation tax credit program.

Other key changes include replacing the prior lottery system with a "jobs ratio" ranking system that selects projects based on wages paid to below-the-line workers, qualified spending (for vendors, equipment, etc.) and other criteria. Program 2.0 also offers an additional five percent tax credit for non-independent projects that shoot outside the Los Angeles 30-mile zone or have qualified expenditures for visual effects or music scoring/track recording. The five-year Program went into effect on July 1, 2015 and is currently in its fifth and final fiscal year (2019/20).

More information about California's Film and Television Tax Credit Program 2.0, including application procedures, eligibility and guidelines, is at <http://www.film.ca.gov/tax-credit/>.

About the California Film Commission

The California Film Commission enhances California's status as the leader in motion picture, television and commercial production. It supports productions of all sizes/budgets and focuses on activities that stimulate and preserve production jobs, spending and tax revenues in California. Services include administration of the state's Film & Television Tax Credit Program, permits for filming at state-owned properties, an extensive digital location library, location assistance and a range of other production-related resources and assistance. More information is available at <http://www.film.ca.gov>.

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California Film & TV Tax Credit Program 2.0

Program Year 5 - Allocation # 2 Conditionally Approved Projects

| | Production Title | Company Name | Production Type - Feature |
|----|-----------------------------------|----------------------------|---------------------------|
| 1 | American Pie Presents: Girls Rule | 1440 Productions LLC | Non-Independent |
| 2 | Cherry | Big C Productions, LLC | Independent |
| 3 | Janis | Atlas Entertainment, LLC | Independent |
| 4 | King Richard | Warner Bros. Pictures | Non-Independent |
| 5 | Little Shop of Horrors | Warner Bros. Pictures | Non-Independent |
| 6 | Macbeth | POST ITS LLC | Independent |
| 7 | Pandora | Pandora Movie LLC | Independent |
| 8 | Purge 5 | Universal City Studios LLC | Non-Independent |
| 9 | Sherlock Holmes 3 | Warner Bros. Pictures | Non-Independent |
| 10 | Untitled Atomic Monster Project | Giallo Films, LLC | Independent |

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California Film & Television Tax Credit Program 2.0

Program 2.0 Big Budget Films

| | Production Title | Company Name |
|----|-------------------------------|--|
| 1 | A Wrinkle in Time | The Walt Disney Studios |
| 2 | Ad Astra | Lima Project Films |
| 3 | Birds of Prey | WB Studio Enterprises Inc. |
| 4 | Bright | FogTeeth Productions, LLC |
| 5 | Bumblebee | Paramount Pictures |
| 6 | Call of the Wild | Twentieth Century Fox Film Corporation |
| 7 | Captain Marvel | Warbird Productions, LLC |
| 8 | Ford v. Ferrari | Twentieth Century Fox Film Corporation |
| 9 | Island Plaza | Paramount Pictures |
| 10 | Once Upon a Time in Hollywood | PM Film Fund I, LLC |
| 11 | Sherlock Holmes 3 | Warner Bros. |
| 12 | Space Jam 2 | Warner Bros. |

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Out-of-Zone Film Projects

| Production Title | Feature Type | Out of LA Area Filming | Total Filming Days | Out of LA Area Counties |
|-----------------------------------|--------------|------------------------|--------------------|---|
| A Wrinkle in Time | Non-Indie | 5 | 73 | Humboldt |
| A Star is Born | Non-Indie | 5 | 40 | Riverside |
| American Pie Presents: Girls Rule | Non-Indie | 11 | 22 | TBD |
| Beautiful Boy | Non-Indie | 10 | 41 | Marin, San Francisco, Sonoma, |
| Bird Box | Non-Indie | 14 | 45 | Del Norte, Santa Cruz |
| Bumblebee | Non-Indie | 28 | 73 | Inyo, Marin, Mono, San Francisco, Santa Cruz, Solano |
| Can I Be Honest | Indie | 37 | 37 | TBD |
| Captain Marvel | Non-Indie | 9 | 80 | Fresno, Kern |
| Cherry | Indie | 8 | 47 | San Bernardino |
| CHiPs | Non-Indie | 18 | 46 | Orange County |
| Destroyer | Indie | 4 | 33 | Ventura |
| Drunk Bus | Indie | 12 | 21 | TBD |
| Fairyland | Indie | 27 | 27 | San Francisco |
| Flying Horse | Non-Indie | 50 | 50 | Sacramento |
| Ford v. Ferrari | Non-Indie | 22 | 67 | Kern, San Bernardino, Orange, Ventura, Los Angeles |
| Island Plaza | Non-Indie | 21 | 73 | Kings, Mammoth, San Diego |
| Janis | Indie | 6 | 36 | San Francisco |
| King Richard | Non-Indie | 10 | 50 | TBD |
| Lexi | Non-Indie | 30 | 30 | Alameda, San Francisco |
| Magic Camp | Non-Indie | 1 | 40 | Orange |
| Palm Springs | Indie | 9 | 25 | Riverside |
| Pandora | Indie | 2 | 48 | TBD |
| Psycho Killer | Indie | 12 | 37 | Riverside |
| Purge 5 | Non-Indie | 25 | 45 | San Diego |
| Revenge | Indie | 28 | 30 | Nevada County, Solano, Lake Tahoe |
| Rim of the World | Indie | 6 | 40 | Ventura, Mono |
| Sherlock Holmes 3 | Non-Indie | 17 | 75 | TBD |
| Suburbicon | Indie | 4 | 43 | Orange |
| The Devil Has A Name | Indie | 10 | 25 | Kern |
| Torrance | Non-Indie | 14 | 38 | San Bernardino |
| Twin Peaks | Indie | 14 | 111 | Riverside |
| Unbroken - Path to Redemption | Non-Indie | 2 | 20 | Oxnard |
| Untitled Atomic Monster Project * | Indie | 10 | 41 | TBD |
| Untitled Wonderland Project | Indie | 24 | 30 | Ventura, San Bernardino, Riverside, Kern, San Diego, Orange |
| Us | Non-Indie | 14 | 40 | San Bernardino, Santa Cruz |
| Vice | Indie | 5 | 56 | Ventura |

* Selected for the latest tax credit allocation.